## **Income Tax Credit (Agricultural Value Added)**

What is the agricultural value-added income tax credit?

For tax year 2001 Colorado resident individuals and C corporations could claim a credit for investment in agricultural value-added projects to the extent the credit was approved by the Colorado Agricultural Value-Added Development Board. Each taxpayer's credit was equal to the lesser of \$15,000 or 50 percent of their investment for each project. [§39-22-527, C.R.S.].

## **Project limitations**

Each project, in order to be considered for approval by the Colorado Agricultural Value-Added Development Board, must have been developed by an eligible agricultural value-added cooperative or a business entity that is located solely in Colorado. The total amount of tax credits allowed with respect to any one project could not exceed \$1.5 million. If members of a cooperative or pass through entity were eligible for tax credits in excess of \$1.5 million for a project, credits shall be prorated to each member on a percent of investment basis, not to exceed the maximum allowed per member.

## Limitations to the agricultural value-added tax credit

- A taxpayer could not claim more than \$100,000 per year under the agricultural value-added tax credit for all projects in which they invested. A taxpayer filing married filing separate could not claim a credit of more than \$50,000 per year. Related corporations could not claim credits of more than \$100,000 per year in the aggregate for the corporate group.
- S corporations, partnerships and other pass through entities could receive tax credits of up to \$100,000 per year. The credits were passed through to its shareholders or partners in the same ratio as profits and losses were shared. If any credit was passed to an individual who was a nonresident of Colorado, the credit could not be claimed by that taxpayer and it could not be allocated to other shareholders or partners who were eligible to claim the credit.
- This tax credit was limited to the amount of the 2001 net tax liability. There was no carry forward of this credit to future income tax years.

What is the agricultural value-added cash fund tax credit?

For tax year 2001 Colorado residents and C corporations could claim a credit for monetary contributions paid to the Colorado Agricultural Value-Added Development Board to support rural business enterprises. The credit was up to 100 percent of the contribution and must have been approved by the Board. [§39-22-528, C.R.S.]

Limitations to the agricultural value-added cash fund tax credit

• The maximum agricultural value-added cash fund tax credit a taxpayer could claim during 2001 was \$100,000 per year. A taxpayer filing married filing separate could not claim a credit of more than \$50,000 per year. Related corporations could not claim credits of more than \$100,000 per year in the aggregate for the corporate group.

## Income Tax Credit (Agricultural Value Added)

- The agricultural value-added cash fund tax credit could not be claimed by a taxpayer based on a monetary contribution made while a member, owner, investor, or lender of an eligible cooperative at the time the contribution was made or for up to two years thereafter.
- S corporations, partnerships and other pass through entities could receive tax credits of up to \$100,000 per year. The credits were passed through to its shareholders or partners in the same ratio as profits and losses were shared. If any credit was passed to an individual who was a nonresident of Colorado, the credit could not be claimed by that taxpayer and it could not be allocated to other shareholders or partners who would be eligible to claim the credit.
- This tax credit was a refundable credit. There was no carry forward of the credit to future income tax years.